

Message Text

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ORIGIN EB-08

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-----017133 310633Z /15
R 302138Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY BUDAPEST

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E.O. 11652: N/A

TAGS: EAIR, HU

SUBJECT: CIVAIR: WORLD AIRLINES CHARTER FLIGHTS

1. WORLD AIRLINES HAS BROUGHT TO DEPARTMENT'S ATTENTION THE IMPOSITION OF A NON-OBJECTION FEE BY MALEV ON FIVE OF ITS ROUNDTRIP CHARTER FLIGHTS FROM JULY 2 TO AUGUST 26 BETWEEN CLEVELAND AND BUDAPEST. AS EMBASSY AWARE, MALEV WILL CHARGE A NON-OBJECTION FEE OF 6,048 DOLS PER ROUNDTRIP FLIGHT IN ADDITION TO LANDING FEES, PASSENGER HEAD TAX, NAVIGATION, RAMP HANDLING AND PARKING FEES OF 3,349.60 DOLS PER FLIGHT.

2. DEPT. WAS EARLIER INFORMED OF THIS MATTER BY TOUR OPERATOR AND EXPLORED AT HIS REQUEST WHAT STEPS COULD BE TAKEN WITH REGARD TO THIS ONEROUS TAX BURDEN. REPLY THROUGH HUNGARIAN EMBASSY AND TRADE REPRESENTATIVE WAS
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THAT MALEV, AS INDEPENDENT ECONOMIC ENTITY, WOULD NOT WAIVE THE NON-OBJECTION FEE.

3. PAYMENT OF NON-OBJECTION FEE AS A CONDITION FOR OBTAINING TRAFFIC RIGHTS BY US CHARTER AIRLINES IS OF

CONSIDERABLE CONCERN. USG BELIEVES THAT THIS

EXTORTIONATE PRACTICE IS DETRIMENTAL TO CIVIL AVIATION AND SHOULD BE VIGOROUSLY OPPOSED. IN THE CASE OF WORLD AIRLINES CHARTERS TO BUDAPEST, WE RECOGNIZE THAT MALEV DOES NOT FLY TO THE UNITED STATES AND DOES NOT HOLD A FOREIGN AIR CARRIER PERMIT WHICH ELIMINATES ANY DIRECT RETALIATION WE MAY TAKE AGAINST MALEV. NEVERTHELESS, DEPT. WISHES TO GO ON RECORD PROTESTING THIS PRACTICE.

4. EMBASSY REQUESTED TO APPROACH HUNGARIAN GOVERNMENT AT APPROPRIATE LEVEL AND MAKE THEM AWARE OF USG CONCERN OVER USE OF NON-OBJECTION FEE BY THEIR NATIONAL AIRLINE WHICH WE BELIEVE IS DETRIMENTAL TO BILATERAL AIR TRAVEL AND CONTRARY TO THE SPIRIT OF CHICAGO CONVENTION. WHILE BILATERAL AIR TRANSPORT AGREEMENT DOES NOT DEAL EXPLICITLY WITH NON-SCHEDULED SERVICES, WE WOULD HOPE THAT THE SPIRIT PROFESSED IN THE PREAMBLE OF PROMOTING AIR TRANSPORT RELATIONS BETWEEN THE UNITED STATES AND HUNGARY AS A MEANS OF FOSTERING "...FRIENDLY UNDERSTANDING AND GOOD WILL AMONG PEOPLES...." COULD BE EXTENDED TO NON-SCHEDULED SERVICES. HUNGARY'S NATIONAL AIRLINE CHARGING A NON-OBJECTION FEE FOR LANDING RIGHTS IS NOT REGARDED BY THE USG AS BEING FRIENDLY AND EMBASSY SHOULD MAKE STRONG REPRESENTATIONS TO SEE THAT THIS FEE IS DROPPED FOR WORLD AIRLINES CHARTER FLIGHTS AND FOR ALL OTHER US AIRLINE CHARTERS. EMBASSY MAY NOTE THAT ANY LIMITED OFFICIAL USE

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CONSIDERATION OF AN APPLICATION BY MALEV FOR LANDING RIGHTS IN THE UNITED STATES WILL BE BASED ON THE PRINCIPLE OF COMITY AND RECIPROCITY AND THAT THE IMPOSITION OF A NON-OBJECTION FEE BY MALEV WILL WEIGH AGAINST A LIBERAL GRANT OF CHARTER RIGHTS TO THAT AIRLINE.

5. EMBASSY MAY ALSO POINT OUT THAT US AIRLINES, INCLUDING WORLD AIRWAYS, WILL TAKE THEIR BUSINESS ELSEWHERE IF NON-OBJECTION FEE CONTINUES TO BE IMPOSED, THUS DEPRIVING HUNGARY OF TOURISM REVENUES. VANCE

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